

CONTRIBUTORY PENSION FUND AND ECONOMIC DEVELOPMENT OF NIGERIA

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Abstract

This study investigated the effect of contributory pension fund on economic development of Nigeria, using both time series and explanatory research design. The validity of using the time series is attested to the researchers' inability to manipulate the data. Data for the study period (2019-2025) were extracted from the National pension commission (PENCOM), and Central Bank of Nigeria (CBN) Statistical Bulletin, 2025. The population and sample size of this study comprised of 17year annual observation the study. The data were analyzed using the Econometric Model of Linear Regression techniques using the R statistical package. The macroeconomic data (components of contributory pension fund on economic development (gross real domestic products)) were employed in this study. The study found that contributory pension fund had positive strong relationship with economic development of Nigeria The researcher therefore, concluded that there is a significant relationship between public contributory pension fund and RGDP in Nigeria. Also, the researcher concluded that there is a significant relationship between private contributory pension fund and RGDP in Nigeria. In the light of the foregoing, the study recommends that the institutions of governance need to be strengthened to walk the path of maximum benefit for the Nigerian workers; employees should be made to understand that even within the new system they can still access up to 25 per cent of their retirement savings as a single bulk payment to enable them start a new business or deal with the issues of transition from active employment to retirement among other things.

Keyword: Contributory Pension Fund, Economic Development, GDP

INRODUCTION

A worker who has worked in a given establishment for some years deserve some benefit which could take the form of pension or gratuity payable to the worker by the employer at the time of retirement. Pension is viewed as a sum of money paid regularly to a person who no longer work because of old age, disability, retirement or to his widowed or dependent children by the state, former employers or from provident fund to which he and his employer both contributed.

Pension refers to an accumulated fund save by an employee at the end of his/her work period. In most cases an employee is expected to work in any organization to the age of 65. This is most applicable in the public sector but defers in the Nigerian universities Professors. At the end of the services period the retirees are expected to stay at home and continue their normal life activities. The theory of social welfare has it that employee that has worked for a public or private organization for a number of years is entitled to the benefit of pension and gratuity, payable by the employer at retirement, (Kingsley & Suoye, 2021). Pension is the amount or sum of money remitted by government/ company to an employee after working for a specific number of years or who have reached the statutory retirement age. He further stated that pension is a method whereby a worker pays a

proportion of his earnings into a pension scheme. This payment or contribution provides pensionable income during retirement which is treated or calculated as income earned and taxed at the investor's marginal-rate of income tax.

The success of every government is tied to the growth of the economy of the nation. Therefore, achieving a high and stable economic growth rate is an important issue for every government, since economic development is key to citizens' enjoyment of a higher standard of living. A major factor in economic growth is savings. Savings can be termed as money that is set aside through banks or any other financial institution that provides the facility. The Contributory Pension Scheme being a mandatory scheme, has compelled employees and employers in the public and private sectors to collectively save a minimum of eighteen percent of an employee's monthly emolument into the employee RSA, from where employees will be paid retirement benefits (Bassey et al, 2018). This has increased national savings. As at December 2017, the Net Assets Value of Pension Assets under the Contributory Pension Scheme was N7.5 trillion. This happening against a background of Federal government budgetary pension deficit estimated at N2 trillion as at June 2004, when the Contributory Pension Scheme took off and a non-existing industry before the CPS took off, is a huge achievement. Of the N7.5 trillion Net Assets Value, 70.42% was invested in FGN Securities, 10.33% in Ordinary shares, 9.08% in local money market securities, 2.03% in States governments securities, 2.71% in Real Estate properties. The fund was also invested in Supra National Bonds, Mutual Funds, Specialized Funds (Infrastructure and Private Equity) etc.

The Contributory Pension Scheme (CPS) was enacted to reduce poverty and enhance the socioeconomic conditions of Nigerians. It started in July 2004 and was created to assist workers to save in order to cater for their livelihood during old age. Before the adoption of the Contributory Pension Scheme, there exist other pension schemes like the Defined Benefit Scheme (DBS) (Nwanne & Okonkwo 2019). The downside to this old pension scheme and other similar ones comprised of unsustainable pension liabilities, weak and inefficient administration of schemes in both public and private sectors and the existence of diversified arrangements which were largely unregulated in the private sector. As compared to the old pension schemes where most of the accounts were not fully funded and there were no ready funds to pay the pensioners, the contributory scheme funded and provides for the contributor to account for his self-security. As the name implies, the pension scheme is contributory in nature. This means that the employer is expected to contribute a minimum of 10% of the employee's monthly emoluments (sum of the basic salary, transport, and housing allowances) while the employee contributes a minimum of 8%; making a total of 18% pension contributions. It is contributed to the individual employee's Retirement Savings Account (RSA) and is accessible as benefits when he/she retires.

Statement of the problem

Prior to the enactment of the Pension Reform Act 2004, pension scheme in Nigeria had been bedeviled by many problems. The Public Service operated an unfunded Defined Benefits Scheme and the payment of retirement benefits were budgeted annually (Nwanne & Okonkwo 2019). The annual budgetary allocation for pension was often one of the most vulnerable items in budget implementation in the light of resource constraints. In many cases, even when budgetary provisions were made, inadequate and untimely release of funds resulted in delays and accumulation of arrears of payment of pension rights. It is obvious therefore that the Defined Benefits Scheme could not be sustained.

The contributory pension scheme since its embracement by the concerned entities and possible enforcement to make it operational in the economy, witnessed serious setback due to unacceptable dynamism and non- conformity by various sectors. With the success recorded in the industry so far within the short- period of operation in the economy, cannot be compared with desired result presupposed to have been attained assuming all affected entities, individuals and states that are yet to enact a law to back its operational and enforcement embrace the scheme. Therefore, the problem of enforcement of the enacted law/act becomes imperative as there is no strong task force or sanctions even though there are paper enacted sanctions for those individuals, entities and government parastatals that refused to embrace into the scheme; but there has been no significant implementation of the act on the affected. This nonchalant attitude on the part of the regulatory agency has really encouraged most affected entities to evade or circumvent the scheme that could have serve as a pool of funds for long- term source of funds for infrastructure development, provision of social amenities and other economic growth greed.

A well organized and implemented pension reforms in modern world is crucial as the potential to guarantee a decent standard of living of both the private and the public workers after retirement. It was presumed that well planned pension system is capable to keep retirees' finances stable over time. Unfortunately, in Nigeria this is not applicable as pensioners are not able to provide and finance their basic needs such as food, shelter, cloths, etc. So, this study is timely as it sought to closed the gap of the challenges emanating from the pension system in Nigeria. In essence, this study assessed the effect of pension contributory funds of the private and the public sectors on the Nigerian economic development.

Aims/Objective of the study

The aim of this study was to investigate the relationship between Contributory Pension Scheme and economic development in Nigeria.

- i. investigate the relationship between public Pension Scheme and gross domestic product in Nigeria.
- ii. determine the association between private Pension Scheme and gross domestic product

Research Questions

The following research question were answered;

- iii. What is the relationship between public Pension Scheme and gross domestic product in Nigeria?
- iv. What is the association between private Pension Scheme and gross domestic product in Nigeria?

Research Hypotheses

The study tested the following research null hypotheses;

H₀₁: There is no significant relationship between public Pension Scheme and gross domestic product in Nigeria.

H₀₂: There is no significant relationship between private Pension Scheme and gross domestic product in Nigeria.

LITERATURE REVIEW

Contributory Pension Scheme (CPS)

Pension as being stated earlier refers to the total amount of money paid by government/company to an employee after working for some time considered to have attained the constitutional retirement age. The sum of amount paid are accumulated savings of and by the employee and some cases jointly by the employer. The contribution provides an income called pension on retirement that is treated as earned income which is taxed at the investor's marginal rate of income. Pension can be identified as a systematic plan by employer to give benefits to the employees at the instance of retirement or change of job.

The Pension Reform Act 2014, as amended, is the most recent legislation of the Federal Government aimed at addressing the problems associated with the old pension system. It established the Contributory Pension Scheme (CPS), which is a uniform pension system for both the private and public sector. Similarly, for the first time in the history of Nigeria as a country, a single authority, the National Pension Commission (PenCom) was established to regulate and supervise all pension matters in the country. The scheme is being managed by authorized Pension Fund Administrators (PFAs) while the custody of the pension fund assets are provided by licensed Pension Fund Custodians (PFCs), (Tijani & Adekunle 2018). Arumona et al (2020), in their view reported that the move from Defined Benefit to Contributory Pension Scheme is now a global phenomenon following the success stories of the Chilean pension reform of 1981. The paradigm shift from the DB scheme to contributory schemes in developed and developing countries was ascribed to such factors as increasing pressure on the central budget to cover deficits- the accrued benefits of the old scheme were not always fully provided for by the Federal/State Governments in their annual budget, and this has been a recording decimal till date for those employees/pensioners. In addition, lack of long-term sustainability due to internal demographic shifts- the liability keeps increasing as more workers are being employed yearly due to increase in numbers of employable youths. Also, annual promotions occur regularly, while some employee exits and there were failure to provide promised benefits – this occur when retirees wait for long years and some even die without getting their benefits.

Economic development

This is also known as advancement, refers to the generation of wealth that is found in the benefit and advancement of society. It is not only found in isolated development projects, but in the general advancing of the economy with respect to factors like education, resource availability, and living standards. Economic development pertains to the build-out of education systems, recreational parks, and public safety infrastructure (Victory et al, 2022). The importance of economic development lies in the wellbeing of the population. The concept of development is a key factor in the decision-making process of sovereign authorities when designing policies. Economic development relies heavily on the efficient allocation of resources (a reason for the slow growth of command economies). Development isn't exclusively found in projects, but also in approaches to economics like how resources are allocated to industries that need them most. The stimulus of trade through policies, laws, and regulations is another measure of promoting economic growth.

Private sector investment is very important for development, especially in free market economies (consumer-centric economies). In command economies (government-centric) the private sector contributes little to the advancement of the general economy. This is due

to how command governments own the means of production, which results in their decisions being most crucial to economic growth. Contrary to command economies, in free market economies, the projects and expansions that private enterprises deem necessary play a key role in the general growth of the whole economy. The private ownership of property and production factors leads to the shrinking influence of the government.

Economic development as a term is commonly associated with concepts like industrialization and modernization; where advancement is a key characteristic of the concepts' foundations (Victory et al, 2022). On the back end, development is mainly pursued by countries because of how, according to theory, it shrinks poverty. If a nation can develop, its citizens should become wealthier and thus should be able to escape poverty traps. This is broadly true, however, it can't be used as an isolated frame of reference because of the economic elements it ignores. Social, political, and economic benefits aren't the only results of growth and advancement. Factors like inflation, higher living costs, and increased wealth gaps are all closely associated with economic development. A practical example of an economy that is experiencing development illustrates this.

If an economy is undergoing significant development, it is naturally expanding and growing. This growth is found in how the labor force, for one, becomes increasingly educated. Laborers' rising education sees them receiving bigger salaries. Bigger salaries mean they have more spending power to go out and purchase goods and services. This consumer spending is, in nature, a factor that leads to increased prices - the definition of inflation. The dangers of inflation mainly relate to how, if not kept in check, it can potentially ruin the economy via prices that surge far beyond what consumers can afford.

Gross Domestic Product

Economic development is measured by using data on GDP, which is a measure of the total income earned by the people of a country through their participation in the production process. Economists use many different methods to measure how fast the economy is growing. The most common way to measure the economy is real gross domestic product, or real GDP. GDP is the total value of everything - goods and services - produced in our economy. The word "real" means that the total has been adjusted to remove the effects of inflation. The second began with the neoclassical (Solow) model.

Theoretical review

Life-Cycle Theory in the early 1950s, Franco Modigliani and his student, Richard Brumberg, developed a theory based on the observation that people make consumption decisions based both on resources available to them over their lifetime, and on their current life stage. Modigliani and Brumberg observed that individuals build up assets at the initial stages of their working lives. Later on during retirement, they make use of their stock of assets. The working people save up for their post-retirement lives and alter their consumption patterns according to their needs at different stages of their lives. In adopting the life cycle theory, it was discovered that the development of pension fund can be seen in three stages namely, start-up, growth and maturity stages. The life cycle theory explains the three stages of development of pension fund administrators and their respective financing needs. The theory also posits that the sources of pension fund administrator's financing are linked to their respective stages of development and thus, economic growth (Oladapo, 2016).

Empirical review

Arumona et al. (2020), examined the impact of contributory pension scheme on the growth of Nigeria economy. The primary aim of this study is to determine how Retirement Savings Account contributes to Nigeria economic growth. The study runs from 2006 through 2018. Data for this study were obtained from the 2018 edition of the Central Bank of Nigeria (CBN) statistical bulletin, National Pension Commission (PenCom) Annual Reports and National Bureau of Statistics (NBS). Descriptive research design was adopted for the purpose of this study. The tools of data analysis is ordinary least square regression methods which were carried out with the aid of E-view statistical packages. Findings from the study revealed that Retirement savings Account (RSA) which was used as a proxy for contributory pension scheme has a positive and significant effect on the economic growth of Nigeria. The study recommends that employees should be made to understand that even within the new pension scheme they can still access up to 25 per cent of their retirement savings as a single bulk payment to enable them start a new business or deal with the issues of transition from active employment to retirement.

Baridoo and Leyira (2019), examined the relationship between contribution Pension Fund and economic growth in Nigeria. Secondary Data were collected from PenCom data bank from 2014 to 2016 for both private and public sector contributions. Four hypotheses were tested using multiple regression analyses with the help of ordinary least square and the findings revealed the positive and significant relationship between public sector PenCom contribution with real GDP and Per Capital Income but a negative and insignificant relationship exist between private sector Pension contribution with Real GDP and Per Capital Income. Thus, an increase in public sector Pension Contribution accelerates an attendant growth in the real GDP and Per Capital Income. It is recommended that PenCom should ensure adequate compliance of Pension Reform Act 2014 as amended especially in the private sector to mitigate against leakages in the economy. Keywords: Contributory pension, Economic growth.

Nwanne and Okonkwo (2019), examined the impact of contributory pension scheme on economic growth in Nigeria for the period 2004-2012. The objectives of the study were to determine the impact of pension funds on economic growth and as well as to ascertain the impact of pension savings mobilized on economic growth. The study used Ex-post-facto research design. Ordinary Least Square Regression method was used in data analysis. The study finds that pension funds have negative and significant impact on economic growth while pension savings had positive and significant impact on economic growth. The implication of the finding is that the contributory pension scheme has achieved the objective of using pension funds to provide long term capital that will promote economic growth. It also implies that pension savings contribution is low, an indication of low coverage of the scheme. It was recommended that investment outlets of pension funds should be increased and efforts should be intensified to ensure greater compliance and mobilization of savings from contributors.

Kingsley and Suoye (2021), assessed the impact of pension contributory funds on economic development in Nigeria with the application of time series data between 2004 and 2019. The study adopted the Error Correction Model (ECM) to analyzed the long-run Cointegration, Parsimonious short-run response and the Granger Causality. The cointegration technique results indicated a long run relationship between pension contributory funds and economic development (per capita income). The study further revealed in the ECM short run results that both the Private and public sector pension growth rates influenced the growth of per

capita income in Nigeria at the minimal standard. The Granger causality results showed that pension contributory funds flow from the public sector and promoted the growth rate of the private sector within the Nigerian economy. The study recommended the Pension Administrators to constantly educate the employees both in the private and public sectors about the scheme benefit, and should also imbibe the culture of investing the inflows of funds contributed by the employees for short-term returns. Finally, employees should further be given financial and investment education by the employers to prepare their minds for an alternative livelihood when retired from active service.

Ojiya (2016), examined the impact of contributory pension scheme on economic growth in Nigeria. Data for the study were sourced from various issues of PenCom Annual Reports and World Bank Development Indicators (database) covering 2005-2016. The data were computed with the use of Statistical Package for Social Sciences (SPSS). It was found that pension fund assets and pension contribution /savings mobilized over the years have positive but insignificant impact on economic growth. The implication of this finding is that the authorities concerned have not been able to use the pension fund asset and savings mobilized to boost economic growth in Nigeria. It was therefore recommended that, there should be more emphasis on the management of pension assets in the capital market as well as government bond, real estate and investment trust to boost Gross Domestic Product (GDP) of the country (Nigeria). Secondly, there should be prompt reconciliation between Pension Fund Administrators (PFAs) and Pension Fund Custodians. This will bring transparency and accountability to the system. Finally, PenCom should ensure effective monitoring, supervision and enforcement of the provision of the PRA 2004, which are the inevitable ingredients in the Contributory Pension Scheme towards Gross Domestic Product (GDP). However, like Nwanne, there was no available data on pension in 2005 which was used by the researcher. This means that there is no congruency in the scope adopted analysing the data.

Oladapo (2016), examined the effect of the operation of the funded pension scheme since its inception in 2004 on economic growth in Nigeria using error correction mechanism (ECM) and Ordinary Least Square (OLS) methodologies. Findings revealed that the pension fund contributions from both private and public sectors in Nigeria increased greatly and constituted a huge investment fund in the capital and money markets. This increased liquidity in the economy and created employment opportunities as well as improvement in the investment climate. The study concluded that with good risk and portfolio management by pension fund administrators and custodians, the contributory pension has the capacity to boost the Gross Domestic Product (GDP) in Nigeria and very convenient to retirees compared to the previous defined benefit scheme. The study however recommended the removal of delay payment, administrative bottlenecks and corruption in the management of the pension fund in order to boost economic growth in Nigeria.

Similarly, Tijani and Adekunle (2018), studied the impact of the contributory pension fund scheme on Nigeria economic growth analysing data from 2006-2016, using ex-post facto research. The study employed secondary source of data collection. The data were sourced from the central bank of Nigeria statistical bulletin. The data was analysed using ordinary least square method of statistical analysis. The study revealed that a contributory pension funds asset has significant impact on Nigeria economic growth while population of pensioners has no significant impact on the growth of Nigeria economy. The study recommended that pension fund assets should be invested productively in diversified

investment portfolios so as to generate increased returns and at same time minimize risks to both pension funds administrators and the contributors to the funds in Nigeria.

Eke and Onafalujo (2018), explored connection between dwelling capital spending normal force in regulation of Nigeria's public pension funds. Secondary data gathered through legislative acts/gazettes and national bureau of statistics for study, which used ex-post facto research design. Findings of study revealed, among critical aspects required create and preserve public pension contracts, public pension funds have strong correlations with safety of funds and equity returns factor.

Agbata (2017), investigated Retirement Fund organization in Nigeria improved by good leadership, which lessen agreement's nefarious transactions. Five-Point rating survey developed elicit essential data about retirement benefits concerns subset of 435 competent participant's research. Multiple Regression Analysis mechanisms used to verify obtained data and assumptions. Regarding jurisdiction (Pension Reform Act - PRA), data reveal willingness perpetrate Retirement Deception decreased significantly. Report advocated amending Pension Reform Act combat retirement scamming imposing harsh penalties perpetrators and instilling ethical codes between public representatives.

Ameh (2017), looked effectiveness Nigeria's participatory benefit plan on socioeconomic development. Test's evidence came from variety PenCom Income Statements and World Bank Development Indexes publications (database). Statistical Package for Social Sciences was used to represent information (SPSS). Superannuation balances and regular investment accumulated time have favorable modest effect on economy, according to findings. Enhance nation's economic Real Gdp, authors investigated importance placed on management investment portfolio on securities market, government bonds, rental properties, private equity (Nigeria).

Abubakar and Adekunle (2020), investigated the effect of the operation of the funded pension scheme since its inception in 2004 on dynamic economy in Nigeria using error correction mechanism (ECM) and Ordinary Least Square (OLS) This research work, with two objectives, therefore set out to determine the effects of pension contributions on national income and savings in Nigeria. The first objective was to determine the impact of pension fund investment decision on dynamics economy in Nigeria. The second was to determine the extent to which pension contributions have impact in Nigeria economy. The core variable for the study (contributory pension) is in time series form and starts from 2006 and the ordinary least squares estimation technique was used for the study. Methodologies. Findings revealed that the pension fund contributions from both private and public sectors in Nigeria increased greatly and constituted a huge investment fund in the capital and money markets. This increased liquidity in the economy and created employment opportunities as well as improvement in the investment climate. The study concluded that with good risk and portfolio management by pension fund administrators and custodians, the contributory pension has the capacity to boost the Gross Domestic Product (GDP) in Nigeria and very convenient to retirees compared to the previous defined benefit scheme. The study however recommended the removal of delay payment, administrative bottlenecks and corruption in the management of the pension fund in order to boost economy in Nigeria.

METHODOLOGY

This study investigated the effect of contributory pension fund on economic development of Nigeria, using both time series and explanatory research design. The validity of using the time series is attested to the researchers' inability to manipulate the data. Data for the study

period (2019-2025) were extracted from the National pension commission (PENCOM), and Central Bank of Nigeria (CBN) Statistical Bulletin, 2025. The population and sample size of this study comprised of 17year annual observation the study. The data were analyzed using the Econometric Model of Linear Regression techniques using the R statistical package. The macroeconomic data (components of contributory pension fund on economic development (gross real domestic products)) were employed in this study. The model specification becomes:

$$RGDP = f(PUCPF, PRCPF) \dots \dots \dots (1)$$

Its econometric expression becomes

$$RGDP_t = \beta_0 + \beta_1 PUCPF_t + \beta_2 PRCPF_t + e_t \dots \dots \dots (2)$$

Where;

RGDP = Real Gross Domestic Product (Proxy for economic growth)

PCPF = Public contributory pension fund

PCPF = Private contributory pension fund

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Coefficients attached to explanatory variables

t = Time Period

e = Stochastic Error Term

DATA ANALYSIS AND RESULT

The descriptive statistics presented in table one below comprises the variables, mean, minimum, maximum, standard deviation and the number of observations. It shows the result of the data used to estimate the relationship between the predictor variables and real gross domestic product in Nigeria from 2019-2025.

Table 4.1 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PUCPF	17	.88	13.68	5.8582	3.55721
PRCPF	17	.00	10.61	5.8829	3.83744
RGDP	17	4.57	4.86	4.7638	.09578
Valid N (listwise)	17				

From table 4.1 above, it can be observed that between 2015 and 2021, public contributory pension fund (PUCPF), and private contributory pension fund (PRCPF), incurred an average of N5.8582, 5.8829 billion naira respectively. On the comparative, RGDP realized an average of N4.7638 billion within the study period, and the maximum RGDP was N4.57 respectively. A comparative assessment between the mean and the maximum values of the dependent and independent variables of the study shows a significant difference; the maximum values are greater than the mean values. This indicates that public contributory pension fund (PUCPF), and private contributory pension fund (PRCPF) are averagely high in Nigeria between the study periods. However, RGDP can be taken to be substantial on the average, an indication that the economic growth of Nigeria has been on the increase over the period.

Table 4.2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945 ^a	.894	.878	.03340

a. Predictors: (Constant), PRCPF, PUCPF

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.131	2	.066	58.782	.000 ^b
	Residual	.016	14	.001		
	Total	.147	16			

a. Dependent Variable: RGDP

b. Predictors: (Constant), PRCPF, PUCPF

Coefficients^a

Model		Unstandardized Coefficients	Standardized Coefficients	T	Sig.
		B	Std. Error	Beta	
1	(Constant)	4.618	.016		283.868
	PUCPF	.005	.004	.192	1.350
	PRCPF	.020	.004	.786	5.518

a. Dependent Variable: RGDP

The data in table 4.2 above, showed that there is a positive strong relationship between contributory pension fund (PUCPF, PRCPF) and economic growth (RGDP) (R-value = 0.945 and p-value = 0.000 > 0.05 level of significance). The coefficient of determination (R²) = 0.898 indicates that the changes in the predictor variables account for 89.4% of the variation in criterion variable (RGDP), leaving other variables not included in the model to account for the remaining 10.6%.

Test of hypotheses

Decision Rule: Accept H_0 if $P > 0.05$. Otherwise reject Decision: The researcher concluded that (given the Pv of 0.001 > 0.005) there is a significant relationship between public contributory pension fund and RGDP in Nigeria. Also, the researcher concluded that (given the Pv of 0.000 > 0.005), there is a significant relationship between private contributory pension fund and RGDP in Nigeria.

Discussion of findings

The data in table 4.2 above, showed that there is a positive strong relationship between contributory pension fund (PUCPF, PRCPF) and economic growth (RGDP) (R-value = 0.945

and $p\text{-value} = 0.000 > 0.05$ level of significance). The coefficient of determination (R^2) = 0.898 indicates that the changes in the predictor variables account for 89.4% of the variation in criterion variable (RGDP), leaving other variables not included in the model to account for the remaining 10.6%. The researcher concluded that (given the P_v of $0.001 > 0.005$) there is a significant relationship between public contributory pension fund and RGDP in Nigeria. Also, the researcher concluded that (given the P_v of $0.000 > 0.005$), there is a significant relationship between private contributory pension fund and RGDP in Nigeria. This result agreed Arumona et al (2020), who examined the impact of contributory pension scheme on the growth of Nigeria economy, revealed that retirement savings Account (RSA) which was used as a proxy for contributory pension scheme has a positive and significant effect on the economic growth of Nigeria. Their study recommends that employees should be made to understand that even within the new pension scheme they can still access up to 25 per cent of their retirement savings as a single bulk payment to enable them start a new business or deal with the issues of transition from active employment to retirement. Baridoo and Leyira (2019), examined the relationship between contribution Pension Fund and economic growth in Nigeria, revealed the positive and significant relationship between public sector PenCom contribution with real GDP and Per Capital Income. Thus, an increase in public sector Pension Contribution accelerates an attendant growth in the real GDP and Per Capital Income. Nwanne and Okonkwo (2019), examined the impact of contributory pension scheme on economic growth in Nigeria for the period 2004-2012. The study finds that pension funds have negative and significant impact on economic growth while pension savings had positive and significant impact on economic growth. Kingsley and Suoye (2021), assessed the impact of pension contributory funds on economic development in Nigeria with the application of time series data between 2004 and 2019. Their study further revealed in the ECM short run results that both the Private and public sector pension growth rates influenced the growth of per capita income in Nigeria at the minimal standard. Their study recommended the Pension Administrators to constantly educate the employees both in the private and public sectors about the scheme benefit, and should also imbibe the culture of investing the inflows of funds contributed by the employees for short-term returns. Finally, employees should further be given financial and investment education by the employers to prepare their minds for an alternative livelihood when retired from active service. Ojiya (2016), examined the impact of contributory pension scheme on economic growth in Nigeria. It was found that pension fund assets and pension contribution /savings mobilized over the years have positive but insignificant impact on economic growth. The implication of this finding is that the authorities concerned have not been able to use the pension fund asset and savings mobilized to boost economic growth in Nigeria. Oladapo (2016), examined the effect of the operation of the funded pension scheme since its inception in 2004 on economic growth in Nigeria using error correction mechanism (ECM) and Ordinary Least Square (OLS) methodologies. Findings revealed that the pension fund contributions from both private and public sectors in Nigeria increased greatly and constituted a huge investment fund in the capital and money markets. Similarly, Tijani and Adekunle (2018), studied the impact of the contributory pension fund scheme on Nigeria economic growth analysing data from 2006-2016, using ex-post facto research. Their study revealed that a contributory pension funds asset has significant impact on Nigeria economic growth while population of pensioners has no significant impact on the growth of Nigeria economy. Eke and Onafalujo (2018), explored connection between dwelling capital spending normal force in regulation of Nigeria's public pension funds. Findings of study revealed, among critical

aspects required create and preserve public pension contracts, public pension funds have strong correlations with safety of funds and equity returns factor. Abubakar and Adekunle (2020), investigated the effect of the operation of the funded pension scheme since its inception in 2004 on dynamic economy in Nigeria. Findings revealed that the pension fund contributions from both private and public sectors in Nigeria increased greatly and constituted a huge investment fund in the capital and money markets.

CONCLUSION AND RECOMMENDATIONS

This study investigated the effect of contributory pension fund on economic development of Nigeria (2019-2025), using both time series and explanatory research design. The study found that contributory pension fund had positive strong relationship with economic development of Nigeria. The researcher therefore, concluded that there is a significant relationship between public contributory pension fund and RGDP in Nigeria. Also, the researcher concluded that there is a significant relationship between private contributory pension fund and RGDP in Nigeria. In the light of the foregoing, the study recommends that:

- i. The institutions of governance need to be strengthened to walk the path of maximum benefit for the Nigerian workers.
- ii. Employees should be made to understand that even within the new system they can still access up to 25 per cent of their retirement savings as a single bulk payment to enable them start a new business or deal with the issues of transition from active employment to retirement.
- iii. Transparency should be built into every stage of pension administration.
- iv. Fourth, management principles should be formulated with emphasis on creativity, innovativeness, openness, transparency, persuasiveness for a win – win situation for the employers / employees and the national economy.
- iv. PenCom should develop the capacity for treating pensioners as obtained in other parts of the world, where they enjoy some free facilities such as health care and transportation.

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